

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, FEBRUARY 9, 2009, 2:00 P.M.
Room W020, House Building, State Capitol Complex

Members Present: Sen. John Valentine, Co-Chair
Rep. Kory M. Holdaway, Co-Chair
Sen. Gregory S. Bell
Sen. Ross I. Romero
Sen. Stephen H. Urquhart
Rep. Trisha S. Beck
Rep. Melvin R. Brown
Rep. Bradley M. Daw
Rep. Kay L. McIff
Rep. Carol Spackman Moss
Rep. Evan J. Vickers
Rep. C. Brent Wallis
Rep. Mark A. Wheatley

Members Absent: Rep. R. Curt Webb

Staff Present: Spencer Pratt, Fiscal Manager
Lorna Wells, Secretary

Public Speakers Present: John Sutherland, Chair, Technology Initiative Advisory Board
Kim Blair, General Manager for Questar Gas Company
Julianne Grant, L-3 Communications/PR Director
Mason Bishop, SLCC, Vice President Institutional Advancement
Commissioner William A. Sederburg
President Richard White, UCAT
Brian Foisey, UCAT VP Finance & Administrative Services

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Committee Co-Chair Holdaway called the meeting to order at 2:10 p.m.
2. Report on Engineering Initiative - Technology Initiative Advisory Board

Mr. Sutherland introduced guests who are involved with the Technology Initiative Advisory Board. In 2001, S.B. 61 created the Technology Initiative Advisory Board. This Board works on a volunteer basis to monitor progress and oversee the investment of funds allocated by the Legislature to increase the number of engineering graduates in the state. Mr. Sutherland reported that the number of engineering graduates is up significantly at both the University of Utah and Utah State University. There were 1,804 engineering and computer science degrees awarded in the state in 2008 compared with 1,344 in 2000. Master's degrees have increased 100 percent. Mr. Sutherland reported that engineering graduates are finding employment in the state. When an engineer is hired, there are five or six other jobs that go along with that engineer. There is a multiplier effect at the universities because there are more private donations from sponsors who see that engineering is growing in the state. Research also increases in the state. Last year the Legislature approved a limited amount of one-time funding. The majority of that funding was used for scholarships. There are record

enrollments in the freshman classes who have identified engineering as their degree choice. Utah's growth in numbers of engineering graduates has outpaced the national average by two to three times. Over 70 percent of those graduates stay in the state and pay taxes. Over 150 new faculty members have been recruited. The actions that have been taken in the K-12 arena as far as raising the bar for graduation requirements, science camps, high technology high schools, science centers and scholarships for teachers have helped this initiative to be successful. This initiative works well with the USTAR program. Technology commercialization is going well with assistance from the centers for economic development.

Mr. Kim Blair has been involved in recruiting engineers from all disciplines in Utah to meet Questar's needs. They have hired most of these engineers from the University of Utah and Utah State University. In the past, it has been a challenge to fill these vacant positions. At times, Questar had to expand its job search outside the state. Even with the downturn in the economy, there are still openings for engineers at Questar. Mr. Blair stated that this initiative has been vital to Questar.

Ms. Julianne Grant stated that L-3 Communications in Salt Lake City has 2,879 employees. Out of that number, 1,394 are engineers. In the past five years, L-3 Communications has hired 1,184 engineers from Utah universities. Ms. Grant stated that L-3 is still hiring, probably one person per day, there are 51 engineering positions open right now. There are 12 engineering cooperative-education internships open. L-3 Communications hires 98 percent of these interns into full-time positions upon graduation. L-3 pays one million dollars in payroll per day in the state. L-3 Communications has a great need for engineers. L-3 wants to ensure that the engineers who come on board will be ready within a few weeks to assume vital roles in critical programs for the Department of Defense and many other projects.

Rep. Holdaway commented on the tax revenue that L-3 generates on a daily basis for the state.

Mr. Sutherland stated that the best way to turn around a bad economy is to invest in what will improve the economy. He stated that if there is money available in the near future. The engineering initiative is a good investment. This initiative has had a positive impact on the state.

Rep. Moss expressed gratitude and commented that Mr. Sutherland's report was very interesting. She asked if there are specific fields or specialties in engineering that would have the greatest demands in the near future.

Mr. Sutherland responded that the demands for engineers are often cyclical especially in computer, civil, mechanical and electrical engineering. Mr. Sutherland stated that bioengineering is an area that he foresees will have growth in the future.

Rep. Holdaway asked some specific questions about the Department of Defense and the new Obama administration.

Mr. Sutherland said from what they have learned, the Obama administration will make changes to the needs of the Department of Defense, but the need for engineers will still increase.

Ms. Grant said that Secretary Gates mentioned that some excessive spending might be going away, but there are many more programs that are coming on-board. Money will be there for quite some time.

MOTION: Sen. Valentine moved to approve the minutes for Feb. 2, 4, and 5.

The minutes were approved unanimously.

3. Mission, Enrollment, Funding Issue Brief

Mr. Pratt asked the Subcommittee to turn behind Tab #3 to find the Issue Brief: USHE Mission, Enrollment, and Funding. This brief discusses the missions of each of the major institutions in the State. The U of U and Utah State are major teaching and research universities. WSU, SUU, and UVU provide career and technology, baccalaureate, and select graduate education programs. Dixie State College has two interdependent divisions - a comprehensive community college, and an upper division program that offers a limited number of baccalaureate degrees. Utah has three comprehensive community colleges, including Snow College, CEU, and SLCC.

Utah Valley and Dixie State have had mission changes. They have had some significant appropriations increases to handle increases in enrollment. While some of the funding increases at both of these institutions were in response to the mission changes, the state funding per FTE remains among the lowest in the USHE. DSC is the 7th and UVU is 9th (of 9) on the scale of state funding per FTE student.

Mr. Pratt discussed Page 3 of the Brief which is the Appropriated Direct Instructional Expenditures per FTE.

Rep. Holdaway asked if these numbers could be put in a graph to show percentage of total.

Mr. Pratt will prepare a graph to show these numbers. The next four or five pages provide more detail by institution and by year including how much in state funds, dedicated credits, and other funding was appropriated for the Education and General line items. There are also percentages that show the changes. The last page of the brief shows demographics and enrollment for USHE.

Mr. Pratt distributed historical enrollment data as requested in an earlier meeting. This graph shows each institution and the increase or decrease of FTE students by year for the past eight years. The overall growth tends to reflect the overall growth in the population of the state. Eight of the nine USHE institutions are located in the 16 fastest growing counties in the state. CEU is the only institution that is in an area that has experienced a decrease in population. The Board of Regents has projected that the enrollment growth will be 1 - 2 percent for the next ten years.

Rep. Holdaway asked some specific questions about enrollment growth at each institution.

Sen. Bell stated that he was told there was a 20 percent growth in enrollment with a possible 19 percent budget cut. He asked where these numbers came from.

Commissioner Sederburg stated that the overall enrollment growth this past fall was 8.5 percent. Currently the budgets are down 11 percent. Commissioner Sederburg is not sure where the 20 - 20 numbers would have originated.

Sen. Valentine responded that perhaps one institution had a twelve percent enrollment increase.

Mr. Mason Bishop explained that at a previous meeting, President Bioteau reported that SLCC had 18 percent growth. This 18 percent is all students including concurrent enrollment students.

4. Utah System of Higher Education Budget Brief

Mr. Pratt explained that the Utah System of Higher Education Budget Brief is behind Tab 5 of the binder. This is a summary of the budgets of all nine traditional institutions, UCAT and the State Board of Regents. The charts are a compilation of all of those entities. There were two items of intent language passed last year. First was intent language to allow employees at CEU to opt into the preferred plan for employees' health insurance. CEU reported that most of the employees moved during open enrollment, but a few employees have opted to move outside the general open enrollment period. The other item of intent language is that Legislature wanted the State Board of Regents to study ways to increase collaboration between CEU and USU. The Board of Regents hired a trio of consultants to perform this study and develop a list of important issues and try to work to determine how to obtain a merger or collaboration between the two institutions. After the first series of meetings, the consultants determined that unbiased, objective responses were not coming forth. At that time, they decided to conclude the study. This was reported to the Executive Appropriations Committee last November. The total budget is listed on Page 3 of the budget brief and is currently \$1.19 billion.

Rep. Holdaway asked what percentage reduction this is from last year to this year.

Mr. Pratt reported from last March's approved budget, it is down 11.5 percent.

5. Board of Regents Budget Brief

Mr. Pratt stated that Tab 15 is the Board of Regents Budget Brief. Last March the appropriated budget was \$31.8 million dollars, the on-going adjusted amount is \$28.3 million dollars. The Page 2 performance indicators include the Engineering Initiative showing the number of engineering and computer science degrees awarded. The second graph shows the number of student aid scholarships and awards given. For the past few years, there has been a significant increase in those awards. The Legislature has approved one-time funding for student aid for the past few years. Mr. Pratt mentioned the CEU and USU collaboration intent language discussed previously. The total budget beginning FY 2010 is \$28.3 million which is shown on Page 4.

Commissioner Sederburg discussed the Higher Education model in the State of Utah. He made some comparisons between Utah and other states. He briefly explained the responsibilities of the State Board of Regents and the Commissioner's Office. The Board of Regents is appointed by the Governor. The Regents approve new programs, tuition, administer sixteen state-wide programs. The Regents hire and fire presidents. There are three entities that report to the Board of Regents: Office of Commissioner, UHEAA, and UESP. Commissioner Sederburg discussed the USHE budget, program costs, administration costs, articulation costs, budget planning, concurrent enrollment and others. There are sixteen programs established by statute. Commissioner Sederburg discussed the positive impact of investment in Higher Education. He discussed programs that are worked on jointly between institutions. He discussed the savings that come from concurrent enrollment. Currently, USHE is working on the K-16 Alliance, upgrading academic standards, a planning process with technology and enrollments, some of the governor's initiative, and a voluntary system of accountability. There is value to having a state office that provides coordination. There are approximately 30 employees at the Commissioner's Office.

Rep. Holdaway asked for a list of priorities from the Commissioner's Office.

Commissioner Sederburg identified five priorities: 1) Employee compensation (treated same as state workers), 2) bonding, for critical state buildings, 3) O & M funding for buildings funded by private donors, 4) Regents' scholarships, and 5) recognition of enrollment growth. There are other priorities if funding becomes available. Commissioner Sederburg stated that some of their requests for the Legislature would be that Public Higher Ed should be treated like K-12; the Legislature should give USHE the flexibility to manage their own budgets, and that budget cuts and backfill should be made to each institution in a similar manner.

Rep. Beck commented about the benefits to parents for concurrent enrollment as well as the taxpayer.

6. Utah College of Applied Technology Budget Brief & Issue Brief

Legislative Fiscal Analyst - Mr Pratt explained that the Utah College of Applied Technology Budget Brief is behind Tab 16. UCAT serves high-school students and post-secondary students. UCAT served 61,278 students last year, with 5.7 million membership/training hours. The budget for FY 2010 is \$58.2 million. The Page 2 performance measures show growth in membership hours, and enrollment by headcount.

Mr. Pratt discussed the UCAT New Facilities O & M Issue Brief. This is under Tab 3 in the binder. This issue brief states that there are currently two buildings on two different campuses that were funded by the state, one in the Uintah Basin and one at DATC. Funding for O & M was included, that funding has been taken out on a one-time basis since the approval of the buildings. Page 2 shows additional one-time reductions that are proposed by the analyst. The Vernal building is projected to be finished July 19, 2009. Mr. Pratt recommends reducing the 2009 budget by \$196,000. Mr. Pratt also recommends a reduction of \$35,200 in one-time funding for the DATC. Because the Vernal building is going into FY 2010, there is a recommended one-time FY 2010 budget reduction of \$19,400.

Pres. Richard White introduced the President of each of the eight UCAT campuses. Pres. White discussed UCAT's mission, which is to meet the needs of Utah's employees for technically skilled workers by providing, through its various campuses, market-driven technical education to both secondary and adult students. UCAT structures its curriculum based on what employers report as a need. The Legislative charge is to use leased space wherever possible, UCAT has 79 instructional locations. UCAT is one member of the Higher Ed system. UCAT provides more one and two-year certificates than the other institutions in the state. UCAT's primary role is to deliver one and two-year non-credit certificates. Pres. White discussed the 77 career program areas offered by UCAT. Because of the budget cuts, some of these program areas may have to be cut. Pres. White discussed the top programs that are provided throughout the state. Pres. White showed the enrollment growth for the last five years. Reports from campuses for the first quarter of FY 2009, indicate that UCAT is up 13 percent, and a couple of the campuses are up 20 percent. Pres. White discussed the negative impact of these budget cuts. There are three main primary audiences for UCAT: high school, post-secondary, and employers in the custom-fit program.

Pres. White stated that in Utah there are currently 40,000 students in the ninth grade. About 77 percent will graduate from high school, of that number 57 percent will not go directly to college, that means that almost two-thirds of today's ninth graders will not be entering college.

Rep. Daw asked if these numbers show students who perhaps take 1-2 years off and then go to college.

Pres. White answered that the statistics do not reflect this situation. Pres. White discussed the benefits of having a strong CTE program in the high school. Pres. White mentioned the increasing numbers of minorities and adults in the CTE fields, retired baby boomers, increasing competition in a global economy. Pres. White discussed middle-skill jobs, these are jobs that require more than high-school, but less than a four-year degree. STEM fields would be included as well. Pres. White discussed which jobs would be included as middle-skill jobs. Statistics from the Division of Workforce Services show that 47 percent of the occupations will require these middle-skill jobs. Companies may need 30 technicians to support one engineer. Pres. White stated that UCAT works very hard to build relationships with the employers in the state. UCAT has advisory committees for each of their programs. Pres. White discussed the Jobs Now funding. The Council on Occupational Education is the accrediting body for UCAT. UCAT tries to meet and exceed the national standard. Pres. White discussed the success of several UCAT students, and the success of the Custom-Fit program with ATK. Pres. White listed some of the priorities for UCAT which would include: on-going and one-time needs and capital facilities needs. Pres. White discussed the grants that have been obtained by many of the UCAT campuses for new training. UCAT has a singular purpose--to help Utah's citizens gain the technical skills needed by Utah's employers so they can compete successfully in a complex and challenging global economy.

Rep. Holdaway asked Pres. White about the handout entitled, "Full Cost of Instruction" which shows that UCAT has the 2nd highest full cost of instruction in USHE system at \$10,548 per FTE.

Mr. Pratt explained this chart, which is related to the cost study, the average for all USHE institutions is \$8,600 per student.

Mr. Brian Foisey, UCAT VP Finance & Administrative Services, said that he needed time to review this chart. Mr. Foisey discussed the fact that Dedicated Credits were not tracked consistently.

Mr. Holdaway asked if UCAT could have more information ready for Wednesday's meeting.

Pres. White and Mr. Foisey will bring follow-up information regarding UCAT's FTE costs to the next meeting.

Rep. Wallis asked how the impact of the budget cut has impacted UCAT? What is the demand for graduates? and Are students are turned away?

Pres. White answered that the budget cuts have impacted UCAT, especially the smaller campuses. Pres. White reported that the placement rate for UCAT graduates is much higher than the national standard. The employers help to guide UCAT in the structure of their curriculum so that students are trained to be placed when they graduate. Pres. White stated that some programs do have waiting lists, for example nursing, but most programs are able to accept new students immediately.

Rep. Daw asked Pres. White about duplication with the private sector.

Pres. White responded that there are over 350 proprietary institutions which are delivering probably about one-half of the programs offered by UCAT. However, UCAT programs are developed with employers' input and requests.

Rep. McIff asked about the enrollment projections for Fall 2009.

Pres. White stated that enrollment for Fall 2009 is up approximately 13 percent, on top of the 12 percent the year before.

Rep. Holdaway asked the Subcommittee to look at the prioritization of funding between now and the next two meetings. The Subcommittee needs to make recommendations after budget numbers come out on the 17th.

MOTION: Rep. Daw moved to adjourn

Committee Co-Chair Holdaway adjourned the meeting at 4:05 p.m.

Minutes were reported by Lorna Wells, Secretary.

Sen. John Valentine, Committee Co-Chair

Rep. Kory M. Holdaway, Committee Co-Chair